

Message Text

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73

ACTION NEA-12

INFO OCT-01 EUR-25 EA-11 ISO-00 EB-11 COME-00 AGR-20 SWF-02

AID-20 IGA-02 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 XMB-07 IO-14 TRSE-00 DRC-01 /200 W

----- 077505

R 121200Z MAR 74

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 635

INFO AMEMBASSY ISLAMABAD

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

USLO PEKING

CONFIDENTIAL COLOMBO 652

EO 11652: GDS

TAGS: PFOR, ECON, CE

SUBJ: SRI LANKA SEARCHES FOR FOOD SUPPLIES

REF: COLOMBO 616 (NOTAL)

1. FOOD SITUATION HAS DETERIORATED FURTHER, LEADING PRIME MINISTER BANDARANAIKE TO HURRIEDLY DISPATCH TWO TOP-LEVEL FOOD PURCHASE MISSIONS MARCH 11, ONE TO INDIA AND USSR LED BY MAITHRIPALA SENANAYEKE, MINISTER OF IRRIGATION, POWER AND HIGHWAYS, AND THE OTHER TO PAKISTAN AND CHINA, LED BY TRADE MINISTER T.B. ILANGARATNE.

2. PRIME MINISTER HAS CAREFULLY BALANCED LEADERS OF TWO DELEGATIONS BY SENDING SPOKESMAN OF RIGHT-WING OF HER SRI LANKA FREEDOM PARTY (SLFP), SENANAYAKE, TO MOSCOW AND LEADING LEFT-WINGER OF SLFP, T.B. ILANGARATNE, TO PEKING. HASTE WITH WHICH MISSIONS ORGANIZED DEMONSTRATES EXTREME ANXIETY GOVT NOW FEELS OVER PROSPECTS FOR SEVERE FOOD SHORTAGES AND RESULTANT POLITICAL UNREST IN NEXT

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SIX WEEKS. FAILURE OF FOOD SHIPS TO ARRIVE ON TIME HAS

CREATED SITUATION IN WHICH GOVT MAY VERY WELL
BE UNABLE MEET WHAT IT FEELS IS MINIMUM FOOD RATION.
AS RESULT, GSL IS MAKING DESPERATE ATTEMPTS TO OBTAIN
FOOD SUPPLIES.

3. RE MISSION SENT TO AUSTRALIA FEB 28 (REFTEL),
GOVT OFFICIAL REPORTS ATTEMPT TO PURCHASE UP TO
100,000 TONS OF AUSTRALIAN WHEAT AT ANY PRICE ON ONE
YEARS CREDIT OR BETTER REMAINS IN DOUBT BECAUSE AUSTRALIA
APPEARS UNWILLING PROVIDE SUPPLIES ON CREDIT TERMS
ACCEPTABLE TO GSL. FOREIGN EXCHANGE OFFICIALS ADMIT THAT
FROM SRI LANKA PERSPECTIVE REPAYMENT CONSIDERATIONS AND
IMPACT ON BALANCE OF PAYMENTS SITUATION ARE NOW CLEARLY
SECONDARY.

4. RUSSIANS AND CEYLONSE PREVIOUSLY NEGOTIATED FOR UP
TO 50,000 TONS WHEAT, BUT AGREEMENT WAS NEVER CONCLUDED.
IF RUSSIANS NOW PROVIDE WHEAT, IT WILL PROBABLY HAVE TO
BE MILLED IN INDIA BECAUSE OF INADEQUATE CEYLONSE
MILLING CAPACITY. CEYLONSE EXPECT THAT UNDER PRESENT
ECONOMIC AND POLITICAL CONDITIONS RUSSIANS WILL BE FORTH-
COMING. EXPECTATION COINCIDES WITH TALK IN OFFICIAL CIRCLES
HERE OF NEED TO REVIEW STATE OF BILATERAL RELATIONS
WITH USSR AND IMPROVE THEM.

5. ILANGARATNE MISSION HOPES TO OBTAIN INCREASED RICE
SUPPLIES FROM PAKISTAN AND CHINA. IT SEEMS LIKELY HE
WILL ALSO TRY TO EXPEDITE SHIPMENT OF RICE FOR WHICH
ARRANGEMENTS HAVE ALREADY BEEN CONCLUDED.

6. UNDER THESE CIRCUMSTANCES, EMBASSY STRONGLY RECOMMENDS
THAT PURCHASE AUTHORIZATION FOR REMAINING 10,000 TONS
WHEAT FLOUR ALLOCATED TO SRI LANKA UNDER FY 1974
PL 480 PROGRAM BE ISSUED NOW. PRIME MINISTER IS STRUGGLING
WITH WHAT SHE PERCEIVES TO BE DESPERATE FOOD SITUATION
FRAUGHT WITH DANGEROUS POLITICAL REPERCUSSIONS. ANNOUNCE-
MENT OF RELEASE OF WHEAT FLOUR SUPPLIES WILL HAVE STRONG
IMPACT BY DEMONSTRATING CONTINUING USG INTEREST IN SRI
LANKA'S PROBLEMS, AN INTEREST SOME HERE ARE BEGINNING TO
DOUBT. ALTHOUGH THESE SUPPLIES WILL NOT ARRIVE IN TIME
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TO ALLEVIATE CURRENT DIFFICULTIES, THEY WOULD ARRIVE BEFORE
NEXT SEVERE SHORTAGE OF FOOD SUPPLIES EXPECTED EARLY IN
FY 75.
VAN HOLLEN

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